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THE NILSON REPORT

**ISSUE
510**

INCE 1969 THE INDUSTRY'S LEADING NEWS AND ADVISORY SERVICE FOR CREDIT/DEBIT-CARD EXECUTIVES

CO-BRANDED MASTERCARD/AIR TRAVEL CARD Universal Air Travel Plan has signed with MasterCard and Eurocard to develop co-branded "BusinessCards" for its 28 member airlines worldwide. Requests for proposals from potential financial-institution partners have been sought by top airlines over the last few months and ... (turn to page 2)

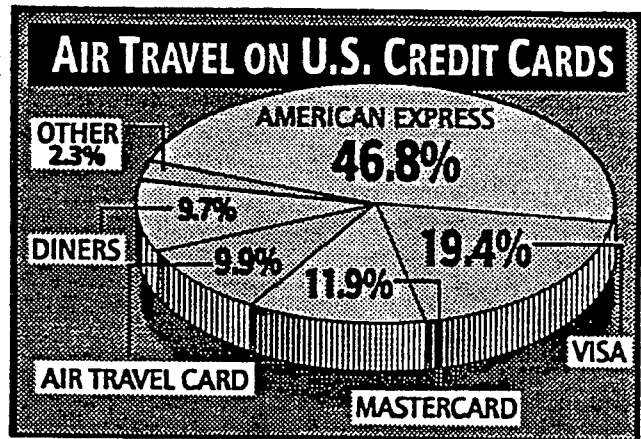
CROSS-BORDER MONEY TRANSFERS Twelve countries that make up the European Community will transfer \$15 billion across their boundaries this year using bank correspondent channels, postal systems and commercial wire services. Most cash transfers in the EC are from one consumer bank account to another but must ... (turn to page 3)

DE LA RUE/INTER INNOVATION De La Rue of London, world's largest printer of security documents and a ... (turn to page 8)

DISCOVER ADDS SPRINT To compete with other general-purpose cards in the U.S., Sears Roebuck's ... (turn to page 4)

LATE-FEE RULING IN MASS. Ruling of a Federal District Court judge October 24 upheld Massachusetts' ... (turn to page 8)

CORESTATES REORGANIZES MAC Largest shared EFT system in the U.S. ranked by transaction volume ... (turn to page 4)



AIR TRAVEL/MASTERCARD * DE LA RUE/INTER INNOVATION DataCard * US West * Discover/Sprint * General-Purpose Cards Money Transfers * Citicorp * NBS * Mergers

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US WEST CONSIDERS BANK CARDS

Regional Bell Operating Company US West has hired outside firms to ... (turn to page 8)

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For 20 years DataCard has been the world leader in embossing and encoding ... (turn to page 6)

GEN'L-PURPOSE CARDS — Part 2

During the past five years, most of the growth in spending on all ... (turn to page 4)

MORE BANK MERGERS

Mergers and acquisitions involving six banks with card portfolios among the ... (turn to page 4)

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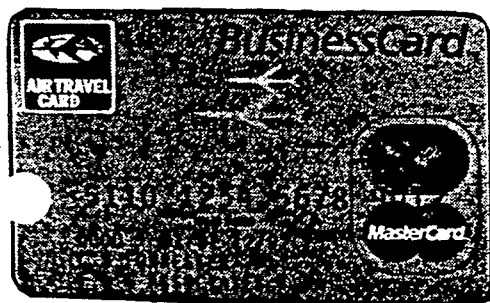
NBS SEEKS PARTNER Major restructuring of the POS Division in Canada includes looking for a joint venture or merger. U.S. offices in Dallas and Wash., D.C. and the U.K. office in Surrey have been closed. The POS division will be withdrawn to Canada and the staff reduced from 120 to 80. Financial Systems of Bensalem, Penn. (215/245-1377), the sole U.S. distributor for NBS's terminal systems and imprinters, will continue but NBS wants others in the U.S. and Europe. Not affected are three U.S. subsidiaries: NBS Card Services Inc. in Plainfield, N.J. (card manufacture and service bureau), NBS Card Technology in Paramus, N.J. (embossers/encoders) and NBS Imaging Systems in Ft. Wayne, Ind. (photo ID and driver's licenses) which has been taken off the market. Tim Casgrain is President of Consolidated NBS in Mississauga, Ontario, (416) 671-3334. □

VISA ATTACKS POSTAL FRAUD Fraud on Visa credit and debit cards intercepted before receipt by cardholders totalled \$53 million during the 12 months ended June 30, 1991, up 112% from \$25 million for the same period in 1990. By early 1992 it is expected to overtake lost cards as the number-two source of fraud (after stolen cards) and, if unchecked, could be number one by year-end 1993. To help members pinpoint where these thefts occur and make it easier to report them, Visa has added a new service to its "Strategic Information Line" PC-based electronic bulletin board. SIL already carries reports on other types of fraud as well as card statistics, member letters, product/service news, etc. The mail-fraud service lets subscribers electronically complete and file the required PS 604 "Credit Card Non-Receipt" form instead of mailing it, and allows Visa to match PC data with fraudulent transactions. The same information is forwarded to postal inspectors. Visa has 125 U.S. members paying \$50 monthly to use SIL. Allan Trosclair is VP Fraud Control Visa U.S.A. in San Mateo, California, (415) 358-2942. Prior issue: 505 □

CITICORP MERCHANT UNITS CONSOLIDATED Citicorp has merged its POS Information Services division, which captures and analyzes customer sales data, with the Establishment Services division, which handles merchant bank-card processing for 97,000 retail outlets and is third largest in the U.S. after NaBanco and National Processing. POS Services has concentrated on the supermarket industry and, unlike Establishment Services has never been profitable. Last year it laid off 175 employees after cancelling the "Reward America" supermarket program in 13 cities — leaving a staff of 220. Citicorp will try to market Information Services to those clients of Establishment Services who lack the kind of POS systems necessary to collect data on customer demographics, product identification and market segmentation. Bert Einloth is President of Citicorp POS Information Services in Stamford, Connecticut, (203) 975-6102. Prior issues: 498, 480 ff 38, 19, 8, 5 □

Co-Branded (from page 1) ... announcements are expected by year-end. All seven UATP airlines in the U.S. are committed to testing MasterCard exclusively for 30 months. Member airlines outside the U.S. do not have this restriction. Corporations will continue to receive air charges from participating airlines, but other charges will be billed to either the cardholder or the corporation by bank-card issuers. Cards will not have a second account number for billing purposes but will be linked to the airlines' subscriber account number by software. Many U.S. corporation clients of UATP's Air Travel Card have been using American Express or Diners Club cards for their employees' T&E expenses, and MasterCard wants this spending for its BusinessCard program. Paul Novak is VP MasterCard BusinessCard in New York, (212) 649-4600. Francis van den Bosch is Senior VP at Eurocard in Brussels, 32 (2) 641-5811.

■ UATP was established in 1936. Members worldwide issue 2.2 million Air Travel Cards to more than 100,000 corporations and charge volume this year will reach \$6.1 billion, up 11% over last year. Air Travel Card licensees in the U.S. are American, United, Delta, Northwest, TWA, US Air, and Continental Airlines. European issuers include Lufthansa, Swissair, Sabina, Aer Lingus,



FAST FACTS

**NEW PRODUCTS & SERVICES
CLASSIFIED ADVERTISING
CONFERENCES & SEMINARS
NAMES IN THE NEWS
JOB OPPORTUNITIES
POSITIONS WANTED**

**Oct.
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ISSUE
40**

FROM THE NILSON REPORT NEWS AND ADVISORY SERVICE FOR CREDIT/DEBIT-CARD EXECUTIVES WORLDWIDE

AMERICAN EXPRESS received a preliminary injunction against a MasterCard television commercial temporarily removing the ad from the airwaves, but a judge has overturned the decision. Amex believes the ad showing one of their cardholders having great difficulty getting a cash advance is misleading and it will seek a trial on November 25. Prior issue: ff 39

GENERAL MOTORS CORP. has named Ronald Zebeck (313/556-2097) Managing Director Credit Card Operations for its upcoming bank card program. Zebeck was formerly VP Marketing for Advanta Corp.'s Colonial National.

INTERLINK interchange fee pricing paid by acquirers to card issuers has been set by Visa at 0.45% of each transaction. Supermarkets, at a flat fee of 10¢ for each transaction, are the only exception. Financial institutions that apply for membership before May 1, 1992 and are operational before October 1, 1993 can avoid paying initial membership fees which range from \$1,000 to \$25,000. For this group monthly administration fees of \$50 to \$500 will not be billed until a year after membership is approved. Of Interlink's 15 board seats, Visa will hold 3. Top card issuers will hold 8 or 9. Peter Gustafson is Sr. VP at Visa, (415) 513-1070.

MALGAMATED BANK/UNION PRIVILEGES secured card costs \$20 annually, with 18.9% interest and is offered to AFL-CIO members turned down for Bank of New York's unsecured card. Required deposits of at least \$250 earn 5.25% interest. Cardholder Management Services provides application processing, collections, and customer service (Donald Berman is Pres., 516/222-0111). David Silberman is Pres. at Union Privileges, (202) 842-3500.

MASTERCARD, as of second quarter 1991, has issued more cards internationally than in the U.S.

THOMAS COOK has completed incorporation of MasterCard's travelers cheque support services into its Princeton, New Jersey facility.

GELCO PAYMENT SYSTEMS, INC.'s "Travelletter Direct" enables employees to report T&E expenses via touch-tone phones. The system automatically verifies expense report totals, reviews the reimbursement request and initiates an ACH direct deposit to the employee's bank account for reimbursement. A version of the system allows the separation and scheduling of credit-card payments. Bill Shively is Exec. VP, (612) 832-3620.

FIDELITY INVESTMENTS has dropped the \$24 annual fee on its Fidelity Gold Cards. Beginning in January, annual percentage rate will be Prime plus 8.4% (minimum 17.4%). Carol Ondrake is Pres., (801) 534-3855.

FIRST STATE BANK has purchased from the RTC Suburban National Bank's secured card program of 10,000 accounts and \$6 million in deposits.

AT&T UNIVERSAL CARD SERVICES uses "Switch/

Computer Interface Link" software from Aristacom Int'l Inc. to speed inquiries by connecting customer-service employee telephones with IBM mainframes. Kathie Miller is Tele. Mgr. at Universal Card Services, (904) 443-2596. Jack Gaither is VP at Aristacom, (415) 748-1554.

"TELECHECK ALERT" is a free 24-hour hotline that consumers call to report lost or stolen checks. The information is entered into a database used by over 100,000 TeleCheck clients. Clark American check printers is offering. (Cont'd on back)

CONFERENCES & SEMINARS

MARKETING EURO PLASTIC CARDS: December 9-10, Lisbon, Portugal at Le Meridien. Est. attend. 150. Reg. \$1,895. Contact Samantha Wallace, IIR Limited, 44 (71) 379-8040. **THREATS & OPPORTUNITIES IN PLASTIC CARDS & PAYMENT SYSTEMS:** January 22-23, London, England at Bloomsbury Crest Hotel. Reg. \$1,286. Contact Samantha Wallace, IIR Limited, 44 (71) 379-8040. **ESTABLISHING AN EFFECTIVE STRATEGY FOR RESOLVING PLASTIC CARD FRAUD:** February 18-19, London, England at Forte Crest Regents Park. Reg. \$1,286. Contact Samantha Wallace, IIR Limited, 44 (71) 379-8040. Nilson Report readers receive a 10% discount on these IIR conferences.

JOB MART

FIRST DEPOSIT seeks Senior Product Managers. Responsibilities include identifying target markets and creating product concepts for telemarketing and direct mail testing, and overseeing implementation of tests including analyzing results. Qualifications include technical education in management science, operations, statistics, or marketing research plus experience in direct marketing, product management and financial planning. Send resume and salary expectations to First Deposit National Corporation, 88 Kearny St., Dept. HR/PM, San Francisco, CA 94108. **FIRST DEPOSIT** seeks Credit Manager. Responsibilities include managing the credit performance of unsecured credit portfolio, understanding the impact of credit policy on loan losses and profitability, identifying opportunities to reduce risk and enhance overall profitability. Qualifications include highly developed analytical and statistical skills, knowledge of consumer credit, quantitative or business degree (preferably at graduate level), and management experience. Send resume and salary expectations to above address, Attn: Department HR/CM.

MASTERCARD INTERNATIONAL seeks Director, Member Service Providers who will be responsible for the management of the Member Service Provider (MSP) monitoring program. MSP's are third-party service providers of financial institutions. Responsibilities include developing policies, standards and rules for members and MSP's to prevent illegitimate practices and protect the MasterCard brand, monitoring and auditing of. (Cont'd on back)

JOB MART Continued . . .

questionable MSP's and members for adherence to MasterCard rules, and supervising the MSP registration program to maintain up-to-date information. Position requires Bachelor's Degree, 5+ years experience with the acquiring side of the business, and strong analytical and communication skills. Send resume and salary history to: Administrator, Staffing, MasterCard International, 888 Seventh Avenue, 23rd Floor, New York, New York, 10106.

BANK CARD TECHNOLOGY LEADER seeks Collections Manager. Duties include directing the collection department, ensuring compliance, reducing delinquencies, and meeting departmental goals. Position requires minimum 5 years credit-card collections management experience and strong verbal/written skills to facilitate presentation. Must have management experience in and use of the following: behavior scoring, portfolio reissue review, automatic dialing, and on-line collections systems. Please send cover letter and resume, in confidence to: Job Mart: Collections Manager, c/o The Nilson Report, 2218 Main Street, Suite 206, Santa Monica, California 90405.

FAST FACTS Continued . . .

ing the service with TeleCheck. Dick Corl is Dir. of Finan. Serv. at TeleCheck, (510) 830-2915. Otis Parchman is VP at Clark American, (512) 690-6521.

FORD MOTOR CREDIT Company has bought Source Data's "Recovery 1" software to help manage its collections operations. Lisa Earnhardt is Mktg. Mgr. at Source Data, (704) 357-6041. Kevin Brodie is Central Collections Mgr. at Ford, (313) 271-7270 x7268.

EQUIFAX NATIONAL DECISION SYSTEMS has acquired MarketSavvy, a tool for tracking market share, product penetration and local market awareness. Information is gathered quarterly by telephone interviews with 1,200 consumers. Thomas Gordon is Pres., (619) 942-7000.

APPLIED COMMUNICATIONS, INC. "PC-SPDH" software enables IBM PCs and compatibles to function as point-of-sale devices interfacing with BASE24 software. PC-SPDH is being used by Banc One. Dale Ratliff is VP Corp. Mktg. at ACI, (402) 390-7790.

AMERICAN EXPRESS will provide business travel services to IBM for five years.

INTERNATIONAL VERIFACT INC. of Canada is manufacturing 8,000 stand-alone POS-type terminals for IBM Systems Integration. The terminals will be used in Canada but not for payment processing. George Whitton is Chairman at International Verifact, (416) 245-6700. Pat Sherman heads Custom OEM Products at IBM, (416) 758-5065.

VISAPHONE international service from Sprint is now available to Norway's Sparebankkort A.S. cardholders. The 140-bank consortium has issued 350,000 cards in that country. Andrew Burroughs is VP Global Marketing at Sprint International, (703) 689-6963.

CITICORP plans to increase cash reserves for credit-card securitization bondholders in an effort to keep a AAA rating. Standard & Poor's Corp. said that the securities were in danger of being downgraded.

CARDSYSTEMS INC. is a consultant for POS software companies. It brokers partnerships such as the one between Data Sciences and Diamond Shamrock (ff 39). Linda Mahy is Sr. VP, (214) 980-8717.

ADVANTA CORP., parent of Colonial National Bank, had third-quarter 1991 earnings of \$7 million, up 80%. Credit-card receivables more than 90 days past due declined to 1.8% from 2.2% in June and 2.4% in March. Deborah Dove is VP, (215) 784-5335.

POS SYSTEMS Company, Inc. increased revenues 91% to \$4.7 million for fiscal year 1991. The company provides terminal management services for 125,000 credit, debit, and electronic benefit transfer point-of-sale terminals. Greg Zieman is Dir. of Mktg., (602) 929-7600.

DEAN WITTER revenue of \$260.8 million for the first 9 months was 54% generated by Credit Services operations — mostly Discover but including Sears Payment Systems and MountainWest Financial (Visa). Credit Services income of \$141.6 million was up from \$94.1 million in the first 9 months of last year.

VERIFONE reported revenues of \$50 million in the third quarter. Net income of \$5.74 million was up 144%.

AMERICAN EXPRESS "Express Weekends" discount travel club costs cardholders \$75 annually. They receive a newsletter every two weeks that lists 15 weekend giveaways. David Cronin is Director, (212) 640-2971.

HICKLIN ENGINEERING manufactures "Transtand" to hold a VeriFone 250 printer and Tranz 330 terminal in a compact space on merchant counters or walls. Wholesale cost is \$15 with quantity discounts available. Lloyd Nail is National Sales Manager, (515) 254-0522.

JOHNSON & QUIN, INC. is a full-service, direct-mail production company. Customers include Discover Card Services, Citicorp Choice, FCC National Bank, and Harris Bank. Michele Ely is Marketing Coordinator, (708) 647-6900.

SOUTHEAST SWITCH has renewed its contract for Deluxe Data Systems' Gateway Processing Services for another five years. Tom Bennion is Pres. of Southeast Switch, (407) 875-2500. Kevin Schultz is Manager at Deluxe Gateway Services, (414) 357-5815.

ET SOLUTIONS CORP.'s "Pik-A-Pin" is a portable selection terminal for under \$700 that can download data to other computers. Maureen Dunlap is Pres., (813) 585-3287.

HEIKO CONSULTING GROUP identifies and develops POS solutions for electronic benefits transfer, retail, grocery, convenience stores, petroleum outlets, fast food restaurants, etc. Amy Heimlich is Principal, (813) 736-0758.

DAVID STRIDER (404/390-1764) has joined MasterCard in Atlanta, Georgia as VP of Merchant Relations.

EULA ADAMS (303/488-8354) has been named Exec. VP at American Express Information Services Corp.

PHILLIP YARBROUGH (214/458-3823) has been named Senior VP of Sales for Shared Financial Systems.

WAYNE DAMRON (502/245-1551) has joined Financial Dominion Services Corp. as President. He formerly was VP at CFC Financial Services.

Alitalia, Iberia, Finnair, Icelandic Air, KLM, Varig, TAP Air Portugal, Iberia Air Lines, British Airways, and Austrian Air Lines. In Asia/Pacific, members are Japan Air Lines and Air New Zealand. In Middle East/Africa, members are Emirates, Kenya Airways, Saudi Arabian, Tunis Air. In South America it's Viasa International.

■ **Air Travel Cards.** UATP members in the U.S. issue 2.0 million cards to employees of 95,000 corporations. Although top airlines are expected to find bank-card partners, the ATC program will remain for those corporations not looking for a T&E card. With ATC there are no per-card or per-account charges. Each airline maintains its own card files. Cards are honored by over 200 airlines worldwide which pay a 1.25% interchange fee. Transactions are validated against a negative file held by Arinc — Aeronautical Radio Inc. The only charges permitted on ATC cards other than those for air travel are for rail tickets and phone calls placed from airplanes or trains. Charles Fischer is Managing Director of UATP in Washington, D.C., (202) 626-4224. Prior issues: 499, 482 and 30 others

■ **AirPlus Cards.** In 1986, eight European UATP airlines formed AirPlus to develop a corporate T&E card. They have 159,000 cards in circulation and use Electronic Data Systems for processing.

AirPlus had \$1.10 billion in sales for its fiscal year ended March 31, and this year will do better despite losing charter member British Airways in April to a co-branded card with Diners Club U.K. Lufthansa and Swissair, the two largest remaining AirPlus members, will be first to announce Eurocard partners. Dave Huemer, former head of AirPlus, is a consultant in San Francisco, (415) 343-2490. Ugo Zaccheo is Managing Director of AirPlus in London, 44 (81) 748-8717. Prior issues: 498, 482, 476, 449 ff 16, 14, 11, 7, 5 □

Money Transfers (from page 1) ... travel over expensive and slow-moving systems designed to handle commercial transactions. Most consumer transactions are made by students studying outside their native countries, by expatriate workers, and by others sending gifts

or emergency cash.

■ **VisaNet Task Force.** Finding a way for Visa members to get a share of this volume in Europe is the job assigned to a working group from eight banks representing 2,000 financial-institution members with 100,000 branch locations in the EC. Money transfers through VisaNet are expected to be available by the middle of next year. Jacques Kosciusko is Managing Director Visa EMEA in London, 44 (71) 937-8111.

Visa hasn't decided yet whether there is sufficient interest among members to study other markets — for example, use of VisaNet by Pakistani, Korean and Filipino laborers to send money back to their home countries. Another potential market is in the U.S. where workers from Mexico and Central America send an estimated \$50 billion worth of transfers to their home countries annually via paper money orders sent through the mail. □

AIR TRAVEL ON CREDIT CARDS

1990	1989
U.S. citizens	\$58.4
Foreign citizens	\$58.4
U.S. citizens	\$58.4
Foreign citizens	\$58.4
U.S. citizens	\$58.4
Foreign citizens	\$58.4
U.S. citizens	\$58.4
Foreign citizens	\$58.4
U.S. citizens	\$58.4
Foreign citizens	\$58.4

Note: U.S. citizens charged 77.6% of all airline ticket purchases (\$58.4 billion) on these credit cards in 1990.

OTHER EURO CROSS-BORDER MONEY SERVICE

Eurocard-Mastercard will finalize plans before the end of the year to use its Eurocard payment system to serve as a consumer and commercial cross-border money transfer. Philip Andrae is interim General Manager in Frankfurt, 49 (21) 531-5880.

System Union operates a cross-border money transfer system for the 12 EC countries. Approximately 2,000 locations handle 1,500 from newly signed Bundesbank in Germany. Expansion planned into Spain, Italy and France. Contact: System Union Financial Services, 1100 Avenue of the Americas, New York, NY 10020-1818, (212) 670-1500, (212) 670-1500.

American Express MoneyGram 2000 offers cross-border money transfer systems in U.S. and Europe. Contact: Charles Douglass, 1000 Avenue of the Americas, New York, NY 10020-1818, (212) 670-1500, (212) 670-1500. British Airways 2000 offers cross-border money transfer systems in U.S. and Europe. Contact: British Airways, 1000 Avenue of the Americas, New York, NY 10020-1818, (212) 670-1500, (212) 670-1500. British Airways 2000 offers cross-border money transfer systems in U.S. and Europe. Contact: British Airways, 1000 Avenue of the Americas, New York, NY 10020-1818, (212) 670-1500, (212) 670-1500.

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Discover Adds Sprint (from page 1) ... Discover Card will offer "Value Phone" — a long-distance calling service supplied by Sprint. Sprint will send cardholders an itemized record of calls. Charges will appear on Discover Card monthly statements and qualify for the cash-back bonus. All Discover Card accounts will be automatically enrolled in the program, issued four-digit PIN numbers, qualify for free calling minutes, and receive 10% discounts on Sprint's published rates. David Schmieg is President of Sprint's Consumer Services Group in Overland Park, Kansas, (913) 624-5271.

■ **Sprint** is the nation's third-largest U.S. long-distance carrier after AT&T and MCI. It has issued 14.9 million "Fon" cards and markets a co-branded Visa card program with Household Bank of Salinas, California. Visa uses Sprint for "VisaPhone International" which has signed 91 banks in Latin America and Europe. Five Japanese card companies — JCB, Life, Daiei, Jaccs, and Diners Club of Japan — offer Sprint services to their U.S. travelers. For JCB, Sprint adds voice prompts and operator assistance in Japanese. Andrew Burroughs is VP Global Marketing at Sprint International, (703) 689-6963. Prior issues: 502, 487, 473, 465, 464, 426, 411, 345 □

Mac (from page 1) ... is Mac, owned by CoreStates Financial. Mac has been reorganized to place control of operations and technology in the hands of a single manager for vertical integration of in-house departments including processing, product development, and account management, separating the ATM business from other CoreStates activities. Mac connects 7,766 ATMs and 14,500 PIN-based POS terminals. It is the only shared system owned and operated by a single bank. The switch processes over 32 million transactions monthly of which 60% are interchange. Mac markets full turnkey services to its 965 financial-institution members without relying on third-party vendors. Donald Gleason is Sr. VP and Mac Network Manager in Philadelphia, (215) 973-6687.

Mac is part of CoreStates Electronic Payment Services, which includes Buypass the System and the CardLinx business unit. EPS should have revenues of \$120 million this year. Doug Anderson is Exec. VP and head of EPS, (215) 973-4841. □

General Purpose Cards (from page 1) ... Five major brands that are their volume will show a 90% gain in 1991. Gains at the American Express up 54. This period is impressive but it grew 51%.

While total card industry volume is the general-purpose category, which generates 75% of level, but changing relationship preference for bank cards issued by financial institutions (MasterCard and Visa) over the three general-purpose brands have less versatility of use.

If present trends continue, American Express and Diners Club/Carte Blanche can be expected to lose more market share to bank cards. Discover will maintain its current share, and the gap between Discover and MasterCard, which is wider than ever before, will begin to narrow. MasterCard's share of all new card solicitations has been increasing, especially Gold cards. □

Mergers (from page 1) ... national control of the U.S. bank-card industry. Society National 28th and First cards. These mergers also affect cards and membership in American Express.

■ **First Union National Co** Banking Corp. from the federal reserve million cards and \$1.59 billion. First Union 950 ATMs and 2 and South Carolina, Georgia banks are members of Plus. heads electronic banking and heads bank cards at First Union Merchant business is headed Jacksonville, Florida, (904)

■ **Society National of Ohio** Ameritrust will give it over \$1.03 billion in outstanding transactions, Society will pay annually. Ameritrust will its 1,400-terminal Green Machine could become Ohio 15%-20% market share of.

CORESTATES ELECTRONIC PAYMENT SERVICES

■ Buypass the System, second largest third party processor of electronic bank-card transactions in the U.S., acquired earlier this year, a \$150 million transactions annually from more than 100,000 POS terminals including those operated for Mac and CardLinx. Buypass has acquired the EDC business of CoreStates and Ameritrust Group, acquired by CoreStates in 1988. Buypass includes Mac and CardLinx, a developer of sophisticated POS programs. John Testa is President of Buypass, (404) 416-2277. Prior issues: 479, 441, 439, 436.

■ CardLinx maintains merchant bank-card processing contracts owned by CoreStates and ranks 20th among acquiring processors. Earlier this year the unit added Shawmut Bank's merchant business. Brook Newton is Senior Managing Director, (215) 973-5405. Prior issues: 498, 497.

page 1) - Types of credit cards accepted by all types of merchants (shown in the increase from \$199 billion in 1986 to \$378.97 billion in 1991. The three were: Visa up 104%, MasterCard up 70%, and American Express's 908% growth from near zero. The others were still a minor player. Diners Club and Discover.

has grown 70% since 1986, volume on all cards in the country was up only 27%. Spending on general-purpose cards as a total volume on all cards will probably stay about the same among these five competitors, indicates strong competition.

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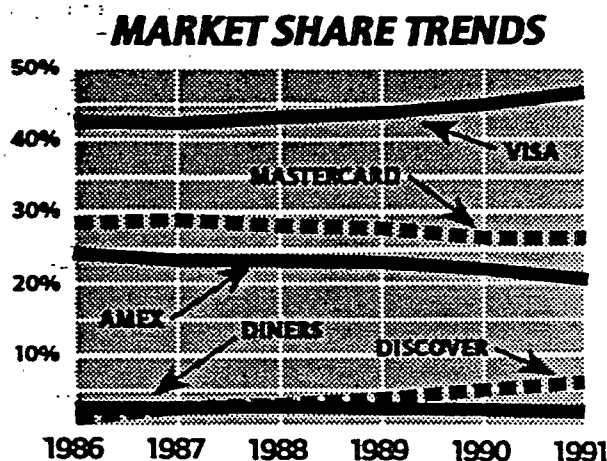
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GENERAL-PURPOSE CARDS IN THE U.S. Volume and Market Shares 1986 - 1991

BRAND	1986		1987		1988		1989		1990		1991*	
	Volume (\$Bil.)	Market Share	Volume (\$Bil.)	Market Share	Volume (\$Bil.)	Market Share	Volume (\$Bil.)	Market Share	Volume (\$Bil.)	Market Share	Volume (\$Bil.)	Market Share
Visa	\$84.56	42.6%	\$97.45	42.5%	\$115.35	43.1%	\$134.04	43.7%	\$158.08	44.7%	\$172.86	45.6%
MasterCard	\$56.57	28.5%	\$67.02	29.2%	\$74.39	27.8%	\$83.34	27.2%	\$93.09	26.3%	\$99.50	26.3%
Amer. Exp.	\$50.70	25.5%	\$54.49	23.7%	\$63.18	23.6%	\$70.70	23.1%	\$77.50	21.9%	\$77.85	20.5%
Discover	\$1.95	1.0%	\$5.21	2.3%	\$8.20	3.1%	\$11.30	3.7%	\$17.20	4.9%	\$20.98	5.5%
Diners Club	\$4.83	2.4%	\$5.39	2.3%	\$6.59	2.5%	\$7.21	2.3%	\$7.71	2.2%	\$7.78	2.1%
TOTAL	\$198.61	100%	\$229.56	100%	\$267.71	100%	\$306.59	100%	\$353.58	100%	\$378.97	100%

Visa and MasterCard are revolving credit cards and debit cards. American Express is 30-day charge cards and revolving credit. Discover is revolving credit cards. Diners Club (includes Carte Blanche) is 30-day charge cards. * Indicates year-end projection.

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st. 80 will further consolidate industry, leaving First Union 20th, of America 36th ranked by credit at their ranking based on ATM systems.

acquisition of Southeast government will give it 1.8 million debit-card holders in North Carolina, and Tennessee. Both VP Ralph Perry (704/374-6875) and VP Ron Davis (704/374-4251) in Charlotte, North Carolina. VP Terry Terbrueggen in 2001. Prior issues: 498, 496, 489

acquisition of crosstown rival million credit-card accounts with as an acquirer of merchant-card is an estimated \$600 million 96 ATMs to the 423 Society has in the shared ATM network. Green op shared system and hold a sir diana. Ameritrust is a

member of Cirrus and Society is a member of Plus. No decision has been made as to which national ATM affiliation will remain. Sr. VP John Hancock (216/689-3263) heads bank cards, VP Dan Young (216/689-5992) heads merchant processing and John Beran (216/779-2100) is President of Green Machine at Society in Cleveland, Ohio. Prior issues: 501, 497, 496, 485, 474, 467 ff 24

■ First of America Bank in Kalamazoo, Michigan is acquiring Security Bancorp., increasing its bank-card portfolio to 1.2 million accounts and \$760 million in outstandings. Included in the acquisition is Secure Data, a third-party processor. First of America's cardholder processing has been handled by First Data Resources including a \$130-million retail portfolio generated mostly by "Select Purchase," a regional credit card accepted at 4,000 merchants in three states. Security's merchant processing will give First of America 19,300 outlets and \$950 million worth of sales annually. ATMs will total 448 in Indiana, Illinois and Michigan. Both banks participate in Cirrus and in the Magic Line shared ATM system. Security is also a member of National Bank of Detroit's Network One. Eric Smith (616/376-6719) is EFT Product Mgr. and Bill Smith is Corporate VP at First of America, (616) 372-4801. Prior issues: 496, 497 ff 21 □

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tion, and could bring penalties of up to \$10,000.

DataCard (from page 1) ... machines, beginning with high-speed Model 1500 announced in March 1971 (issue 16) and midrange Model 750 in December 1971 (issue 34). Latest top-of-the-line model is the 15000 which processes up to 1,700 cards per hour and costs from \$150,000 to \$300,000. Over 400 have been shipped to large issuers and service bureaus, mostly in the U.S.

■ **New embosser series.** In the international market, the 4000 Series that replaced Model 750 with output ranging from 350 to 600 cards per hour has been the most popular embosser for major issuers. A new version of that machine, called the 9000 Series (shown below), uses interchangeable modular elements so that users can customize production. Each module handles a specific, independent function such as embossing, encoding, indent printing, card insertion, and envelope stuffing. Up to ten modules can be added for completely automated in-line processing. Another module available in the future will add thermal printing for customized reproduction of logos, text, bar codes, color photos on either side of the card, and full or partial security overlays.

■ **Card-production controller called "CardSystem Manager"** is a network controller that can run up to 30 DataCard embossing/encoding machines and eight forms printers for large-scale integrated card production. Cost is about \$100,000. Jim Moar is President and General Manager at DataCard Equipment in Minneapolis, Minnesota, (612) 931-1943.

■ **POS terminals.** DataCard became a POS terminal manufacturer by acquiring Datatrol in 1986 as part of its acquisition of Addressograph Farrington. Units shown here cost from \$300 to \$900 — up to \$1,500 with printers and PIN pads. They can all be connected with a new "Datatrol Data Collection Network" and customized for credit authorization, inventory control, frequency marketing, and electronic benefits. David Stark is President and General Manager, Datatrol Transaction Terminals, in Minneapolis, (612) 930-2828.

DATA CARD SALES OFFICES WORLDWIDE

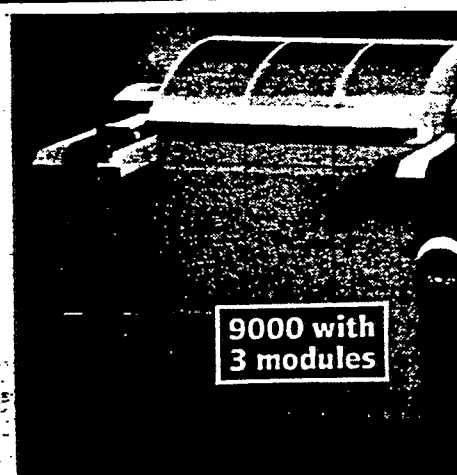
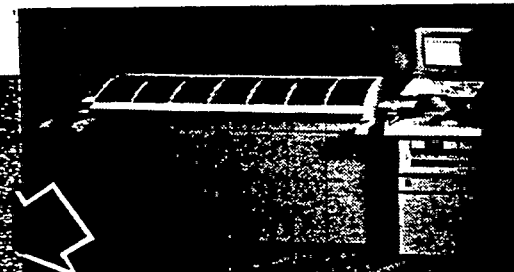
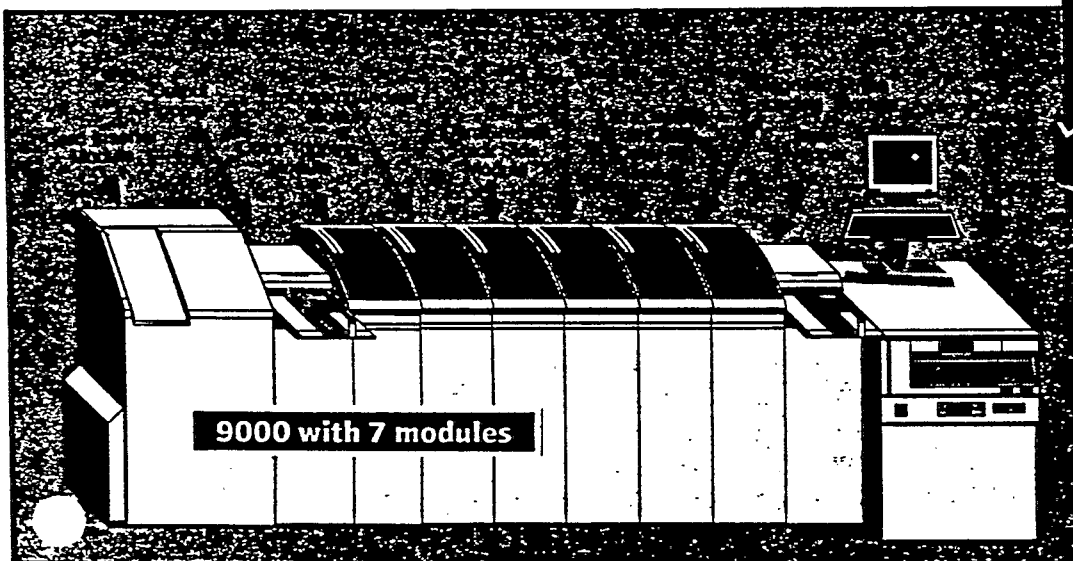
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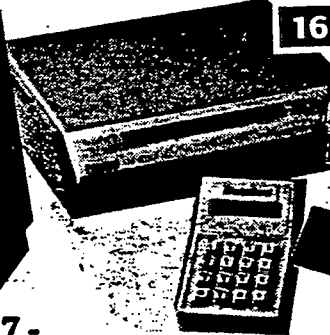
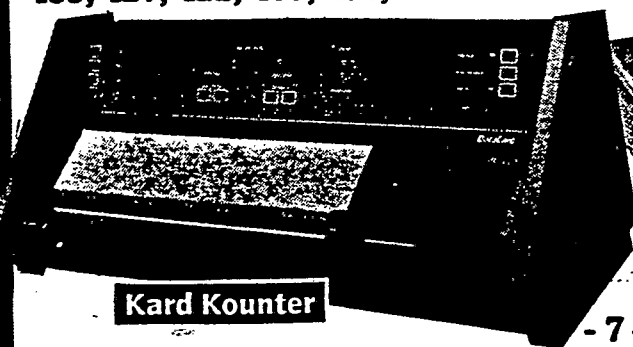
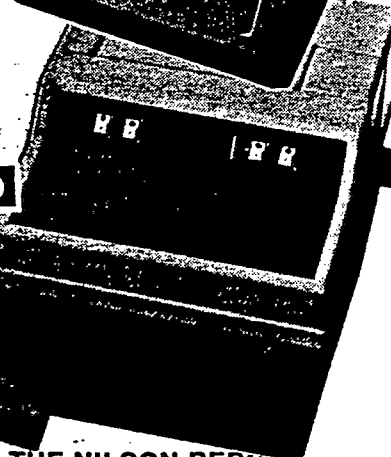
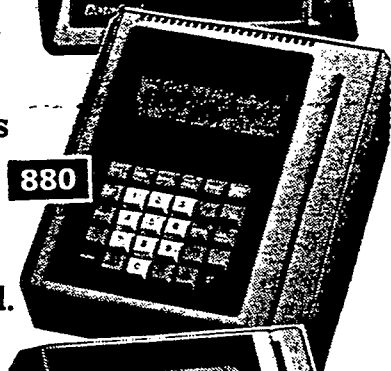
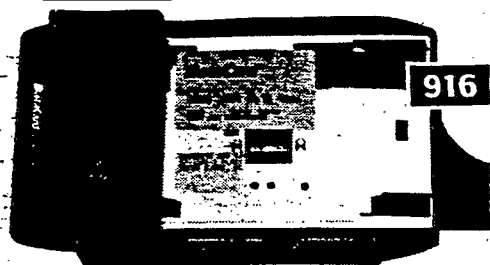
■ **Card imprinters.** DataCard expanded into imprinters by acquiring Security Imprinter in 1985 and by enhancing models from the Addressograph line acquired with Addressograph Farrington. New Model 916 flatbed imprinter, selling in the \$16 range, takes up less counter space than others in general use and delivers high-contrast no-slip copies for improved OCR scanning and digital imaging.

Sean Whaley is President and General Manager of Addressograph Imprinters in Rocky Mount, Virginia, (703) 489-4400. ■ **Plastic cards.** DataCard entered the card-manufacturing business in 1974 with the purchase of Cellulose Products' card plant in Los Angeles. Since then, other plants have been purchased or built in Pennsylvania, Germany (MIDS), Holland (DeltaCom), England, Japan, and Hong Kong. Jim Landes is President and General Manager, Plastic Card Services, in Minneapolis, (612) 931-2600. ■ **Electronic card counter** made by Spartanics is sold in the U.S. exclusively by DataCard. New 600 Series "Kard Kounter" with audit trail and label-printer interface sells for \$7,900. ■ **Smart cards.** In 1989, DataCard created a smart-card division to develop and manufacture cards and related hardware. Current products include cards for prepaid vending and security applications. Software-development kits and readers are available for value-added resellers. David Tushie is President and General Manager of Smart Cards and Systems in Minneapolis, (612) 930-5400. ■ **On-site card issuance.** DataCard 160 is an on-line system for embossing, encoding and PIN generation when activating new ATM cards — either at remote sites or off-line using a detachable keyboard. It eliminates service-bureau processing costs and time delays. Cost for two- or three-track mag-stripe reader/encoder with embosser, roll printer and PIN pad is less than \$10,000. ■ **VeriFone.** Since 1988, DataCard

provided third-party maintenance for VeriFone terminals in the U.S. DataCard's owner, the Quandt family of Germany, also owns 15% of VeriFone, which manufactures some DataCard terminals.

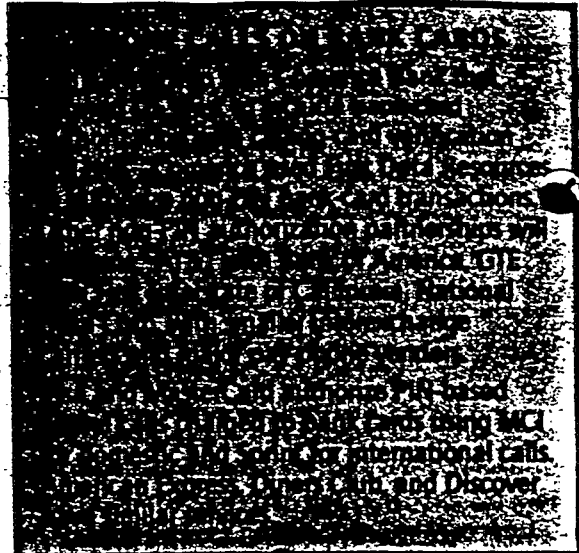
■ **DataCard** was founded in 1969 as a public company and issued its first stock in February 1972 at 6½. In 1986, DataCard acquired Credit Card Sentinel, a marketer of card protection and enhancement services. By 1987, DataCard's principal shareholder was Deluxe Corporation with 38%. That year DataCard was purchased by the Quandt family and went private. DataCard has 2,900 employees in 11 countries. Gross sales for fiscal year ended March 31, 1991 were \$305 million. Approximately one fourth of sales are derived from plastic-card manufacturing and card personalization/mailling services, one-third from maintenance and card-registration

services, and the balance from sale of hardware products (embossers, other card personalization/inserting equipment, imprinters, and terminals). Gary Holland is President and CEO and John Stearns is Executive VP The Americas, at 11111 Bren Road West, Minneapolis, Minnesota 55440, (612) 933-1223. Prior issues: 448, 438, 433, 427, 422, 409, 406, 405 □



Kard Kounter

US West (from page 1) ... determine the feasibility of offering a combined calling/bank credit card and expects the business case to be finalized by year-end. If management approves, US West will enter the market as soon as possible and request proposals from potential bank partners early next year. US West, with 4.9 million calling cards issued to customers in 13 states, is smallest of the seven regional Bells that issue cards. Robin Williamson is Project Manager for US West in Englewood, Colorado, (303) 689-8616. Prior issue: 502



■ **Calling Card Verification Dropped.** Service Link, the calling-card verification subsidiary developed by U.S. West in 1987 to maintain a negative-file database of cards issued by regional Bells and long-distance companies, will be phased out. Beginning the first quarter of next year, US West competitors GTE, SNET and ITN will have on-line access to the database of telephone-card issuers, allowing them to become regional hubs for calling-card verification. Gerald Gaines is President of US West Service Link in Englewood, Colorado, (303) 965-8068. Prior issues: 482 ff 4 □

De La Rue (from page 1) ... leading manufacturer of cash-processing equipment, has offered \$162 million cash for Inter Innovation of Sweden, world's leading manufacturer of cash-dispensing mechanisms for automated teller machines, teller platforms, security products, and currency-exchange terminals. Name of the new group will be De La Rue Inter Innovation Systems, headquartered in Basingstoke outside of London. Inter Innovation manufacturing plants in Sweden will be retained and its LeFebure Corp. operations in the U.S. will be expanded. Leif Lundblad, founder and 52% owner of Inter Innovation, will remain as a consultant for research and development. As an OEM supplier to ATM manufacturers, Inter Innovation sells to Olivetti in Italy, Siemens-Nixdorf in Germany, Bull in France, Itaotec in Brazil, Papelaco in Portugal, and Philips in Sweden. That business could expand after Philips Information Systems is acquired by Digital Equipment Corp. De La Rue supplies cash-dispensing mechanisms for Dassault ATMs. Robert Gardner is Managing Director for the Payment Systems Division in Basingstoke, 44 (2) 562-9122. Prior issues: 495, 492, 480, 467, 449 □

Late Fees (from page 1) ... prohibition of penalty fees for overdue payments on credit-card accounts. The decision was directed at Greenwood Trust which issues Sears' Discover Card. Discover has over 300,000 customers in Massachusetts. Greenwood had sued the state in November 1989 after being warned by the attorney general to stop charging \$10 late fees. Visa and MasterCard supported Discover by filing "friend of the court" briefs. The action, brought by Massachusetts Attorney General Scott Harshbarger, was supported by attorneys general in Minnesota, Iowa, Maine, South Carolina, and Wisconsin. Discover is waiting to hear the form of the judgment including restitution to cardholders, penalty damages, attorney fees, etc., and will fight the ruling in the Federal Circuit Court of Appeals in Boston. This case affects Discover only, but the Massachusetts Banking Commission will be asked to identify other out-of-state card issuers who charge late fees. Before legal action can be taken against them, notice must be served. Since Greenwood Trust is a state-chartered bank, the impact of this decision on federally chartered banks is not clear. Discover itself owns two other banks charters in Delaware, both federal. Prior issue: 465 □

October 28, 1991

Spencer Nilson
H. Spencer Nilson

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